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SUBJECT: IRAN: CALLS FOR HIGHER WAGES SUGGEST BROADER GRIEVANCES, NOT
BROADER MOVEMENT

CLASSIFIED BY: Vinay Chawla, Economic Officer, DOS, IRPO; REASON:
1.4(B), (D)

11. (C) SUMMARY: Iran's sole authorized national labor organization, Workers' House, called on the government's Supreme Council of Labor February 22 to raise the minimum wage 42 percent to bring wages in line with minimum poverty standards. Using figures from the Central Bank of Iran and the Ministry of Welfare and Social Security, the Workers House's Committee to Study Minimum Wage recommended the monthly minimum wage be increased to USD 374 (from USD 263). The Workers House request follows recent complaints from other, banned labor organizations about the effects of rising inflation on minimum wages, leading to a situation now where the minimum wage is equal to less than 25 percent of the official poverty line. The government has rejected the unions' claims, arguing that Iran has no poverty benchmark against which to evaluate minimum wage. The public tussle between worker representatives and the government underscores the current prominence of economic issues, specifically inflation, in public discourse. While labor complaints seem to echo more general public concern about the rise of prices and some labor activists are attempting to tie these grievances to a broader opposition movement, there is as yet little evidence that workers are coalescing into a united labor movement, much less one that is linked to the Green Path Opposition. END SUMMARY.

LETTER FROM WORKERS UNION TO SUPREME COUNCIL

12. (U) According to several February 22 news reports, the Workers' House, Iran's only authorized national labor organization, sent a letter to the Supreme Council of Labor (SCL) recommending that the monthly minimum wage be raised from 260 thousand Toman (USD 263) to 370 thousand Toman (USD 374). (Note: The Supreme Council of Labor sets minimum wage on a semiannual basis and its last revision was a 20 percent increase in August 2009. End Note.)

13. (U) The 42 percent suggested increase was based on research conducted by the labor organization's Committee to Study Minimum Wage. Using a baseline of the monthly costs of subsistence and "social needs" for a family of four provided by the Ministry of Welfare and Social Security (MWSS), the committee calculated that the monthly minimum wage should be 370 thousand Toman (USD 374). As part of the committee's research, it established three levels of poverty within the country: extreme, absolute and relative poverty. It set the minimum wage according to absolute poverty, while also quantifying the financial needs of the other two poverty levels. The committee defined extreme poverty as the cost to sustain an adult on 2000 calories and a child on 1800 calories. Based on the price of basic goods provided by the Central Bank of Iran (CBI), the committee calculated extreme poverty in Iran to a monthly income of 150 thousand Toman (USD 152) for a four-person family. For the same family to live on a similar diet in an urban setting, the committee added 20 percent to cost, raising the extreme poverty threshold to 180 thousand Toman (USD 182). According to the

committee, those living in extreme poverty are a 40 percent sub-set of those living in absolute poverty. The committee determined that a family of four living in relative poverty earns an average of 430 thousand to 567 thousand Toman (USD 434 to 573) a month, a 55 to 66 percent extrapolation of the average family-of-four income of 860 thousand Toman (USD 869) provided by the CBI.

MESSAGE IN LINE WITH OTHER LABOR UNIONS

14. (U) The Workers' House's calculation followed a public complaint with similar themes by the Labor Union of the Vahed Bus Company and the Labor Union of the Haft Tappeh Sugar Cane Factory, both banned by the IRIG. In a statement sent to the UN Human Rights Commission February 12 decrying poor working conditions in Iran as well as the illegality of forming unions, the organizations said, "the minimum wage in Iran is four times lower than the poverty line...and families of millions of workers are constantly desperate to earn daily sustenance."

SEE NO EVIL, HEAR NO EVIL

15. (SBU) The government's response has been to refute the claim that the minimum wage is too low by calling into question the factual data on which the criticisms are founded. The government essentially refuted the argument that the minimum wage can be measured against a poverty standard, arguing that a single, nation-wide poverty benchmark does not exist as costs and needs for a family are different depending on location. In a February 16 interview with semi-official news agency ILNA, the Minister of

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Welfare and Social Security (MWSS) Sadeqh Mahseuli said the government has not published any statistics on the poverty line because it varies from city to city and rural to rural area, and it is not an accurate barometer for measuring true poverty. He argued that the Central Bank of Iran's recently released figure of an annual income of 700 thousand Toman (USD 708) as the poverty line was not definitive nor has it been endorsed by the government.

16. (U) In response to the request of local labor councils to increase the minimum wage, MWSS Deputy Minister Ebrahim Jalati told official news agency IRNA rather than the poverty level, "inflation will be the main indicator on appointing the minimum wage." He went on to predict inflation will decrease to "single-digit figures by the end of the (Iranian) calendar year (March 20)."

PART OF LARGER GRIEVANCES, LARGER MOVEMENT?

17. (SBU) Labor activists argued that an increase in the minimum wage is part of a broader set of worker grievances fueled by increasing prices and government suppression of rights. In attempting to represent the strength of the labor movement, they have argued that as workers' grievances coalesce with those of the Green Path Opposition, so do the two 'organic' movements. In its complaint to the UN, the banned labor unions claimed that labor issues represented "some aspects of the protests in the last few months where many of the protests in the streets consisted of women, youth, and their families. Their most urgent and most basic demands at the present time are: abolishment of executions, immediate and unconditional release of labor activists and all others from civic movements, prosecution of those denying workers rights, unconditional rights to hold protests, and respect for freedom of speech." One labor activist recently interviewed by a Western publication also suggested that there are synergies in the labor and GPO movements, arguing, "We fully support their [the GPO] goals and will participate in all demonstrations. We think this is a truly democratic movement such as we have not seen in Iran before, including during the Revolution...We think the labor movement in Iran is poised to play a strategic role, even on the international stage, because once the working class organizes itself, it really can cripple the regime, especially given the current economic crisis."

18. (C) COMMENT: The successful passage of the targeted subsidies reform bill has no doubt raised public concerns about the possibility of a spike in prices for staple goods in the upcoming

Iranian year and the topic has been a prominent theme in public discourse. Concerns about minimum wage and poverty are the latest manifestation of economic anxiety over higher prices, real and expected. Leadership of the mostly underground labor movement has an interest in perpetuating their long-held grievances by aligning them with general public economic concerns. While the foundations for such possible linkages are stronger than in the past, there is no clear indicator yet that Iran's labor movement is gaining strength, much less that it is coalescing with the GPO. END

COMMENT.

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